

Message Text

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ORIGIN ERDA-07

INFO OCT-01 ARA-06 IO-13 ISO-00 FEA-01 EB-08 COM-02
/038 R

DRAFTED BY USERDA:AIA:ETMCFADDEN:LL
APPROVED BY OES/NET/RD:JBORIGHT
USERDA:AIA:GHELFRICH
OES/NET/RD:VADLER
ACDA:RWILLIAMSON
NRC:MGUHHN

-----020856Z 028918 /13

P R 012004Z APR 77
FM SECSTATE WASHDC
TO USMISSION IAEA VIENNA PRIORITY
INFO AMEMBASSY MEXICO

C O N F I D E N T I A L STATE 071924

E.O. 11652: GDS

TAGS: TECH, MNUC, PARM, IAEA, MX

SUBJECT: PROPOSED TRANSFER OF RESEARCH REACTOR AND FUEL TO
MEXICO

REF: (A) IAEA VIENNA 1132; (B) IAEA VIENNA 1054;
(C) MEXICO 1167; (D) STATE 20240

1. WE AGREE WITH MISSION ON PURSUING SUBJECT MATTER WITH-
OUT DELAY SO THAT PROJECT CAN BE SUBMITTED TO JUNE BG
MEETING IF MEXICO DESIRES. FOLLOWING COMMENTS RESPOND TO
REFTELS A AND B. ERDA IS REVISING DRAFT SUPPLY/PROJECT
AGREEMENT TO REFLECT THESE COMMENTS, AND WILL AIRPOUCH
REVISED DRAFT AS SOON AS POSSIBLE. MEANWHILE, AT MISSION
DISCRETION, U.S. VIEWS MAY BE DISCUSSED WITH IAEA INFORM-
ALLY AND CONFIDENTIALLY. IF GOM REPRESENTATIVE INQUIRES
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ABOUT THIS MATTER, MISSION MAY STATE THAT CERTAIN PRO-
VISIONS (COVERING, E.G., REPROCESSING) NOT CONTAINED IN
ORIGINAL IAEA DRAFT AGREEMENT MAY BE REQUIRED ROUTINELY
WITH RESPECT TO THIS AND ANY OTHER FUTURE U.S. NUCLEAR
EXPORTS AND THAT DECISIONS IN THIS CONNECTION ARE EXPECTED
SHORTLY. THUS, OUR SUPPORT FOR SUCH PROVISIONS IN PRESENT
AGREEMENT DOES NOT REFLECT CONCERN ABOUT TRANSFER OF

REACTOR AND FUEL TO MEXICO, BUT RATHER OUR DESIRE, IN THE

INTEREST OF NON-PROLIFERATION, TO STRENGTHEN OUR CONDITIONS FOR NUCLEAR COOPERATION WITH ALL RECIPIENTS. AFTER RECEIVING DRAFT AND INCORPORATING ANY FURTHER CHANGES DEPARTMENT AND MISSION MAY DECIDE ON, MISSION MAY START ACTIVE NEGOTIATIONS ON TEXT.

2. RE PARA 2, REFTEL A, WE CONCUR THAT UNDERTAKING IN PROJECT/SUPPLY AGREEMENT SHOULD BE SELF-CONTAINED. (FYI: IN ANY CASE, GOM PROPOSED REFERENCE TO TLATELOLCO TREATY RATHER THAN NPT IS SOMEWHAT DISTURBING. AS MISSION AWARE, TLATELOLCO TREATY DOES NOT UNAMBIGUOUSLY PROHIBIT PARTIES FROM TESTING, USE, ETC. OF QUOTE ANY NUCLEAR EXPLOSIVE DEVICE UNQUOTE, ALTHOUGH WHEN RATIFYING TREATY PROTOCOL II, U.S. DECLARED ITS UNDERSTANDING THAT THE TREATY'S WEAPONS PROHIBITION ENCOMPASSED PNE'S. WHILE MEXICO AND MOST OTHER LATIN AMERICAN PARTIES TO THE TREATY MAY SHARE OUR UNDERSTANDING, WE ARE CONCERNED THAT NON-EXPLICIT TREATMENT OF PNE'S IN PRESENT AGREEMENT COULD ENABLE OTHERS IN FUTURE TO ATTEMPT TO EXPLOIT TLATELOLCO TREATY'S AMBIGUITY. END FYI.) PROVIDED THAT MEXICANS AGREE TO EXPLICIT PNE EXCLUSION, WE WOULD HAVE NO OBJECTION TO APPROPRIATE REFERENCE IN AGREEMENT TO TREATY OF TLATELOLCO. TAKING INTO ACCOUNT MISSION VIEWS ABOUT POSSIBLE ADVERSE EFFECT OF REQUESTING SPECIFIC REFERENCE TO NUCLEAR EXPLOSIVES "DEVELOPMENT" (REF B, PARA 10), BELIEVE U.S. SHOULD FIRMLY SUPPORT AGENCY'S PROPOSED LANGUAGE FOR CONFIDENTIAL

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UNDERTAKING.

3. GOM PROPOSED REVISION RE HEALTH AND SAFETY ANNEX IS ACCEPTABLE, WITH ANY MODIFICATIONS AGENCY CONSIDERS NECESSARY (REF B, PARA 5).

4. AUTHORIZATION FOR ALLOCATION OF SNM IN FUEL AS PART OF U.S. 1977 SNM GIFT TO AGENCY WOULD BE SOUGHT PROMPTLY AFTER BOARD APPROVAL OF PROJECT (REF B, PARA 7).

5. REPROCESSING, STORAGE AND RETRANSFER PROVISIONS (REF B, PARA 8): LANGUAGE PROPOSED BY MISSION DOES NOT APPEAR TO GIVE U.S. ALL DESIRED ASSURANCES, ESPECIALLY IN VIEW OUR PLAN FOR THIS AGREEMENT TO SET PRECEDENT. IT WOULD REQUIRE MUTUAL AGREEMENT FOR RETRANSFER, AND WE FAVOR INCLUDING IT FOR THAT PURPOSE, MODIFIED TO COVER ANY PRODUCED MATERIAL. HOWEVER, IT WOULD NOT REQUIRE SAID MUTUAL AGREEMENT FOR REPROCESSING IF A REPROCESSING FACILITY WERE CONSTRUCTED AT THE MEXICAN

INSTITUTE, NOR WOULD IT GIVE U.S. THE RIGHT TO APPROVE STORAGE FACILITIES. BELIEVE, THEREFORE, THAT AGREEMENT SHOULD INCLUDE A SEPARATE PROVISION COVERING REPROCESSING

AND STORAGE, AS SUGGESTED REF D, PARA 5, BROADENED TO COVER ALSO CONVERSION, FABRICATION, AND ALTERATION. ALTERNATIVELY, USG MIGHT CONSIDER PROVISION THAT AFTER SUITABLE FUEL COOLING PERIOD THE FUEL WOULD BE RETURNED TO THE U.S. THE PRACTICAL CONSEQUENCE OF THIS FORMULATION IS TO PRECLUDE REPROCESSING AND RETRANSFER, BUT BY A METHOD WHICH MAY BE PREFERRED BY GOM.

6. ALTERNATIVE PROVISIONS FOR FALLBACK SAFEGUARDS (REF B, PARAS 9 AND 12): WE AGREE WITH MISSION PREFERENCES AND PROPOSE USING FIRST ALTERNATIVE, WITH OPENING CHANGED TO READ AS FOLLOWS QUOTE IN THE EVENT THE BOARD OF GOVERNORS OF THE AGENCY DETERMINES THAT THE AGENCY CONFIDENTIAL

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IS FOR ANY REASON UNABLE TO APPLY SAFEGUARDS AS PROVIDED IN PARAGRAPH 2 OF THIS ARTICLE, MEXICO AGREES THAT THE U.S. SHALL HAVE THE FOLLOWING RIGHTS UNQUOTE. ALSO, QUOTE OR THE SUPPLIED MATERIAL UNQUOTE SHOULD BE INSERTED IN SUBPARAGRAPH A, AFTER QUOTE OF THE REACTOR UNQUOTE. RE SUBPARA C, WE WILL BE IN FURTHER TOUCH WITH MISSION ON THIS PROPOSED PROVISION IN DUE COURSE.

7. REGARDING REF B, PARA 13, WOULD APPRECIATE ASAP CLARIFICATION OF IMPLICATION THAT INTRODUCTION OF FALLBACK SAFEGUARDS SHOULD BE A CONSIDERATION IN DECIDING WHETHER TO RETAIN CITED ERDA REFERENCES, E.G., WHETHER TO HAVE AGREEMENT SIGNED FOR ERDA ON BEHALF USG.

8. FYI. WE REALIZE THAT SOME CONTEMPLATED PROVISIONS MAY BE UNACCEPTABLE TO GOM, BUT BELIEVE THAT U.S. CONTROLS INDICATED MUST BE SOUGHT. HOWEVER, CONCERNING REPROCESSING, STORAGE AND FALLBACK SAFEGUARDS, U.S. WOULD BE WILLING CONSIDER U.S.-GOM EXCHANGE OF NOTES. REF C INDICATES GOM WOULD PROBABLY PREFER THIS. END FYI. CHRISTOPHER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: POLICIES, FISSIONABLE MATERIALS TRANSFER, NUCLEAR REACTORS, NUCLEAR FUELS, EXPORT CONTROLS
Control Number: n/a
Copy: SINGLE
Sent Date: 01-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE071924
Document Source: CORE
Document Unique ID: 00
Drafter: AIA:ETMCFADDEN:LL
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770114-0334
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770497/aaaadglt.tel
Line Count: 161
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ed938bab-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ERDA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 77 IAEA VIENNA 1132, 77 IAEA VIENNA 1054, 77 MEXICO 1167, 77 STATE 20240
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Nov-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2923637
Secure: OPEN
Status: NATIVE
Subject: PROPOSED TRANSFER OF RESEARCH REACTOR AND FUEL TO MEXICO
TAGS: TECH, MNUC, PARM, MX, US, IAEA
To: IAEA VIENNA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/ed938bab-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009